



CITY OF CONCORD

NEW HAMPSHIRE

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REVISED 9/22/10

COMMUNITY DEVELOPMENT ADVISORY COMMITTEE MINUTES

July 28, 2010

The meeting was convened at 12:10 P.M. in the Second Floor Conference Room, City Hall, 41 Green Street, Concord, NH 03301.

Present: Jeff Bart, Allen Bennett, Mark Coen, Leo Fraser, Michael Gfroerer, Amanda Grady, and Nadine Salley (*arrived at 12.:20 PM*)

Absent: Elizabeth Blanchard and Janet Sprague

Staff: Matt Walsh, Assistant for Special Projects
Joia Hughes, Consultant
Bev Rafferty, Administrative Assistant

1. Minutes of May 26, 2010 meeting:

Leo Fraser made a motion to accept the minutes as written; seconded by Mark Coen; motion passed unanimously. However, later in the meeting Nadine Salley noted some edits as follows: on page 2, item 4, first paragraph change ".....representative of the loan fund" to ".....representative of the NH Community Loan Fund"; and change "65 units" to "56 units"; on page 3, first sentence, change "65 units" to "56 units" and continuing on page 3, the next to the last paragraph change "rural development council" to "USDA Rural Development".

Leo Fraser made a motion to rescind his original motion accepting the minutes as written; seconded by Allen Bennett; motion passed unanimously.

Leo Fraser then made a motion to accept the minutes as amended based on Ms. Salley's comments; seconded by Amanda Grady; motion passed unanimously.

2. Community Development Block Grants:

- Second Start: Joia Hughes informed CDAC that Second Start is well underway. The windows were delivered this morning and she would be stopping by this afternoon to do some Davis Bacon interviews. The project is approximately one-half completed and should be done in time for school to start. The day care is open.
- CATCH Theatre Street project: Ms. Hughes informed CDAC that the Environmental Review Record is being processed. Two of the three buildings have been demolished. There have been no comments from the historical resources office.

3, 4, and 5:

Revolving Loan Fund, Oak Bridge Condominium, and Other Business:

Loan Request - K. Stanley, 24 Walker Street: Joia Hughes explained that Mr. Stanley was a loan recipient in 2003 and paid that loan off early in 2008. She reviewed her report noting Mr. Stanley's credit history, credit score, and what the work is that now needs to be done. Mr. Stanley is asking for funds with which to repair his roof. Ms. Hughes noted that, having used the program before, Mr. Stanley is fully aware of his responsibilities and provided proper documentation (four quotes), his home budget, copies of his monthly pension checks, etc. She is recommending the loan of \$8,500 at 3% interest for 5 years for a monthly payment of \$152.73. Michael Gfroerer made a motion to approve this loan per Ms. Hughes' recommendation; seconded by Allen Bennett; motion passed unanimously.

Outstanding Loans report: Bev Rafferty updated CDAC on some of the outstanding loans that are either not current or are making reduced payments in an attempt to catch up, etc. There was discussion about some of the loan clients in bankruptcy or foreclosure. It was asked if the loan fund would get repaid if a bankruptcy is completed but Matt Walsh indicated that taxes to the city would be paid first, then the first mortgage holder, and then the RLF and Chairperson Bart noted that we almost always subordinate our loan mortgages to another financial institution.

There is no allowance in the PIRP for bankruptcy or foreclosure and Chairperson Bart noted this is par for the course. It was also noted, however, how remarkable our loan clients are with their pay back - most are current and some actually have credit balances and are paid ahead which is wonderful. CDAC did inquire if the city has ever lost a loan to bankruptcy or foreclosure and it was noted that we had not to this point, however, one client (Mr. Armano) is in bankruptcy for the property at 30-32 Centre Street. The city had loaned him funds for lead paint abatement and no payments have been made in quite some time nor have taxes been paid on the property.

Joia Hughes noted she had been approached about a possible grant for Mr. Armano for lead paint abatement but CDAC and staff noted that was the purpose of the loan. CDAC inquired if the lead paint abatement was actually accomplished with the loan. Staff will pull the file and Ms. Hughes will research and report back to CDAC in August as to what actually happened with the loan funds and what is ongoing now.

Mark Coen did inquire if staff follows up on the loans to see if the work was done. He also inquired if we did two-party checks so we know all parties were satisfied with the work being done and have acknowledged same by the signing of the check. Ms. Hughes explained that we used to do that but the old financial system would not allow progress payments on two-party checks so we stopped. The city has, in some instances, also paid some contractors direct for a loan client if the client felt that was the best way for them. For this to happen, the city must create a purchase order and enter into a contract with the vendor. It

is thought that the new Logos financial system can accommodate two-party checks; staff will research this for future loans. Ms. Hughes noted, too, that, in some instances, we have allowed the home owner to do some, if not all, of their own work.

CDAC would like more information on both Mr. Armano's situation and the possibility of two-party checks. Ms. Salley noted to Ms. Hughes and staff that since Mr. Armano is in bankruptcy we cannot contact him about this loan. Ms. Salley continued that something should be provided by the client indicating that the work was acceptable to them.

Account Balance report: The balances were reviewed and Mark Coen noted that either people are not going for loans or we need to advertise more as the balance in the loan fund is over \$360,000. Pamphlets need to be updated with current income numbers. Joia Hughes noted that the Community Action Program weatherization program has received a good sum of money so people are using that as it is a grant versus coming to us for a loan. We have had some inquiries but no applications.

At this time, Matt Walsh informed CDAC of some possible loan requests. Oak Bridge Condominiums, a condo development on Fisherville Road, has approximately 150 units. The property is over 20 years old. Brady-Sullivan acquired it during the building boom and converted into a condominium. However, few improvements were made and the property is now in need of roofing and other repairs. Mr. Walsh reported that the Oak Bridge Board heard of the city provided a loan to the Riverhill Condominium Association to assist with a roofing problem and have, thus, contacted the city to see if we could possibly provide similar financing. Joia Hughes and Mr. Walsh met with Bob Boley, President of the Association, who told them that the Association had approached a couple of community banks outside the Concord area. However, as with Riverhill, the banks stated that the Association is young, it is having problems collecting dues, and does not have much money within its reserve funds, thus making it challenging to secure private financing.

Oak Bridge is seeking approximately \$600,000 in financing. Mr. Walsh and Ms. Hughes explained to them that the city could not come up with that amount of money but some of the other banks might be interested if they know the city is getting involved. Discussions are ongoing about a collaborative approach with the City's RLF and a local lender in order to develop a financing package for the project.

Mr. Walsh continued that DEW Construction from Vermont is building the new family hospital site on the old Penacook tannery property. He reported that DEW hopes to take title from the city and start construction on or about October 1st. Their finances are lined up but the way things are going they may need some gap financing. Hence there might be a role for the City's revolving loan fund program in the project.

Joia Hughes and Matt Walsh had met with Steve Morton, VP of Development for DEW Construction. The estimated project cost is approximately \$2.1 million. DEW has concerns that the project may not achieve the required appraised value for a traditional construction loan. They are in the process of commissioning an appraisal to assist them with financing. Representatives from the Capital Regional Development Council (CRDC) met with staff and the Developer recently. Discussions are ongoing about potential use of the City's RLF program as well as other programs at CRDC to close any potential financing gap, if necessary.

Matt Walsh noted this project is similar to the Blue Cross project done a few years ago with Steve Duprey. Chairperson Bart noted this is a high priority. Joia Hughes noted the national objective of redevelopment is to remove blight and create or retain jobs so this project does meet the letter of what the program is designed to do. She noted economic development loan funds are rarely used. Nadine Salley inquired if this money is used for this purpose, would Davis Bacon apply but Joia Hughes noted this is no longer federal money so as long as we keep the low/mod income benefit, the money is not tied to the federal regulations. Chairperson Bart inquired when CDAC would know if DEW will need this money. Matt Walsh has put them in touch with bankers in this area to try and get a local presence in Concord. He believes we will know within the next 30 days or so.

Matt Walsh noted that if \$400,000 comes in from Oak Bridge Condos (\$200,000) and DEW Construction (as much as \$200,000), CDAC would need to do an appropriation request to City Council to appropriate RLF payments received since last October back into the RLF program account. Bev Rafferty informed CDAC that since October 15, 2009, \$110,760 has been repaid and is available to appropriate.

CDAC inquired if there any other large loan applications might be forthcoming. Ms. Hughes noted that the Fisherville Co-op might require funds from the RLF Program, but, at present, it appears they prefer to seek funding from the NH CDEA Community Block Grant Program.

Joia Hughes noted the Blue Cross loan was paid back in 4 years when the refinancing for that project was done. The city could get paid back sooner but it's hard to say in today's market. Matt Walsh noted this is an opportunity to use a lot of money.

It was noted that CDAC would like to hear the application for DEW Construction along with Oak Bridge Condos. An income survey needs to be done on Oak Bridge and, as noted above, the appropriation of repaid loans would need to be done, also.

Allen Bennett made a motion to authorize staff to prepare the necessary documentation to City Council to appropriate the accrued funds received since October 15, 2009 through July 27, 2010, and schedule a public hearing

accordingly; the motion was seconded by Nadine Salley; motion passed unanimously.

As a further note regarding Fisherville Co-op, at the last meeting CDAC had requested further information on the number of disabled individuals in the mobile home park and the average age of the residents. Joia Hughes noted the age information could not be qualified but there are 8 disabled residents in the park. Ms. Hughes also noted that 31 out of the 56 units are low/mod income households.

The NH Community Loan Fund will be providing a loan in the amount of \$350,000 to fill the gap so the Co-op will probably come to the city for a grant submission of \$500,000. Ms. Hughes inquired if CDAC wanted to entertain going outside the RFP process. She noted of the \$500,000 there would not only be the sewer connection but since the roads will be torn up, water and electricity may be done at the same time.

Ms. Hughes continued that engineering studies have been done, a preliminary estimate given, and the Co-op will raise rents to cover costs and she feels the grant application will score well.

Joia Hughes explained that if we are going to go out with the RFP letter, it should be done as soon as possible so if the Co-op's grant application is not accepted, the Co-op would have time to seek other financing alternatives. Bev Rafferty explained that the RFP letters usually go out in September for a grant application in January.

Chairperson Bart inquired if the city could do the RFP process earlier than this Fall to see if there is anything else out there. Nadine Salley inquired if funds from the RLF would also be needed, albeit probably not much, but the Co-op may not be able to take on additional debt. Ms. Salley also noted that the Co-op has not asked for a loan from the NH Community Loan Fund yet. Joia Hughes noted this is still a very gray area.

Chairperson Bart asked if the Co-op knows the city may go out with an RFP to see if there are other things in the works for grant funds. Ms. Hughes noted she will inform the Co-op that we are doing the RFP process earlier to accommodate their timing because, as noted above, if we do not go for the grant for them, it will give them time to look elsewhere (possibly the County) to help them with a grant through their organization. Ms. Hughes would note to the Co-op that the CDAC is favorably considering their grant. Chairperson Bart noted we just want to be sure there is nothing else of interest out there for the grant funds.

Ms. Salley noted the Community Loan Fund interest rate is higher than the RLF and the Co-op needs the CDBG.

After some further brief discussion regarding the RFP process, timing, possibly other problems that may exist in the park, etc., it was decided to send out the

RFP letters early. Staff will prepare and have letters out in early August and this will give the Co-op time to know if they will have to seek financial assistance elsewhere should their request to the city for a grant be declined..

6. Other Business:

There was no other business brought before CDAC today.

7. Adjournment

There being no other business brought before CDAC, and upon a motion duly made and seconded, with unanimous approval, the meeting adjourned at 1:15 P.M.

Respectfully Submitted,

Beverly A. Rafferty
Administrative Assistant